

Apple aims for the top with IIc

By BOB MARICH

SAN FRANCISCO—Apple Computer believes there's room for only two at the top of the personal-computer industry. With the help of the Apple IIc, unveiled here April 24, the company believes it can remain a solid No. 2.

"Nobody remembers the No. 3 brand of anything," John Sculley, Apple president-chief executive officer, said after the unveiling. And nobody, including Apple, is forgetting that IBM rules the personal-computer roost.

Mr. Sculley, who a year ago joined Apple from PepsiCo, believes Apple has assured itself the coveted second spot for the foreseeable future. Its advantage, or so it claims, is marketing savvy and a hefty advertising budget to build a

presence that will assure it shelf space at computer retail outlets.

But Apple's estimated \$50 million over-all advertising budget in 1984 has taken a toll on the company's bottom line.

Marketing and distribution expenses at the \$1 billion company leaped 68% for the six-month period ended March 30. Apple corporate profits were off by the same proportion in that period.

Apple appears to be tightening its hold on the No. 2 spot—ahead of Tandy Corp.'s Radio Shack—powered by its successful Macintosh computer introduction in January and the promise of its new IIc, a \$1,295 portable model that's part of the Apple II computer family.

Macintosh and the IIc both figure to sell about 350,000 units this year, according to analysts.

The new IIc has received good marks from analysts. "For 1984, Apple will clearly dominate the high end of the home market," predicted Clive Smith, an analyst at the Yankee Group, the Boston-based market researcher.

This is the forecast in part because IBM's PCjr, also targeted for home use, is so far experiencing soft sales, after causing a sensation leading up to its introduction. Dataquest, a San Jose market research company, originally estimated sales of 270,000 units in 1984, but is revising that downward.

Apple sells briskly to small businesses, although IBM dominates the big-business segment. Commodore International dominates the lower end (less than \$1,000) of the home-computer market.

Apple is breaking a \$15 million

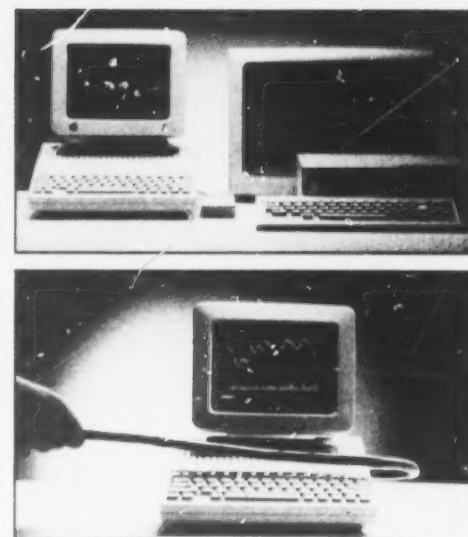
introductory ad campaign for the IIc, a compact, 7½-lb. computer.

The IIc can use most of the 10,000 software programs developed for the Apple II family, which has sold nearly 2 million units since being introduced in 1977, more than any other personal computer.

Software availability and advanced technology are the cornerstones of all IIc advertising.

Ads also make frequent use of humor, including print and radio ads aimed at children and teen-agers, many of whom use Apple computers in school.

Network tv ads for IIc will be followed in June and July by an estimated \$7 million second wave of network tv for Macintosh. Apple's more expensive personal computer introduced in January.

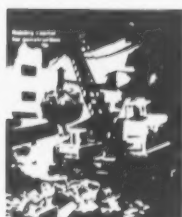


Spots for Apple's IIc compare the number of components necessary to operate its competitor—"junior"—with its compact design. A gloved hand holding a cane, echoing IBM's Chaplin character, chooses the IIc by hooking it out of the frame. Chiat/Day, Los Angeles, handles.

Apple will promote both computers in ABC-TV's coverage of the Summer Olympics.

An eight-page insert, explaining the IIc in detail, is set for June in six national magazines including *Newsweek* and *Time*.

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S&H urges FTC to end cash-redemption rule

WASHINGTON—Sperry & Hutchinson Co. has asked the Federal Trade Commission to kill part of a 1973 consent settlement requiring it to redeem its trading stamps, if a customer prefers, with cash.

S&H says it is at a competitive disadvantage because it suffers out-of-pocket losses if stamp books are redeemed for \$2 cash. If the clause is dropped, it said, it will pass savings along to consumers by reducing the number of books required to get merchandise prizes.

With merchants turning to sweepstakes, games, coupons and other forms of promotion, stamp sales in constant dollars have dropped from \$913 million in 1965 to \$438 million when the settlement was signed in 1973 and \$184 million in 1983. It adds up to a competitive market where consumers who object to merchandise-only

redemptions have ample choice in selecting places to buy, S&H said.

The Supreme Court, during an early phase of FTC's case against S&H, challenged the commission to use its "fairness" power to deal with trade practices.

In its motion, S&H says the subsequent negotiated settlement with FTC was intended to deal with unfair relationships between S&H and "stamp redemption centers" and was not based on any finding that a merchandise-only redemption policy was unfair to consumers.

corrections & clarifications

• Doyle Dane Bernbach inadvertently was omitted from the Top 15 agency world groups chart (AA, April 23, P. 58) and should be No. 11 with gross income of \$199 million and billings of \$1.32 billion.

• A \$500,000 advertising and promotional campaign for Electronic Mall, a joint home shopping effort between CompuServe and L.M. Berry & Co. (AA, April 16, P. 8), is handled by Sive & Associates, Cincinnati.

• A headline on the National Magazine Awards story (AA, April 26, P. 5) should have read, "Conde Nast wins 3 awards."

• Rosemary McMurtry's name was misspelled in a Comings & Goings item (AA, April 23, P. 8).

• The Media People items on Robert O'Sullivan, circulation director of the *Philadelphia Inquirer*, and Jeffrey Grinspan, director of marketing and promotion, Montclair Publishing Corp., New York, were inadvertently combined (AA, April 23, P. 38). They should have appeared separately.

• Taylor & Silverman, a New York-based pr shop, handles only pr for Pony Sports & Leisure, contrary to an earlier item (AA, April 23, P. 12). Damian Bisch & Partners continues as PS&L's advertising agency.

Low response kills Four A's Dallas meet

DALLAS—The board of the American Assn. of Advertising Agencies' Southern Region has canceled next month's regional annual meeting, which was to have been the first official gathering of the association's Southwest and Southeast regions that were combined last year.

Citing a lack of interest in the meeting, which was to have been held at the Mandalay Four Seasons Hotel in Las Colinas, near Dallas, officials said only 26 registrations had been received.

Coincidentally, the Southwest-ern Assn. of Advertising Agencies has slated its annual Ira DeJernett Workshop for the same period, May 16 to 19, in El Paso. Robert J. Burke, SAAA executive director, said that gathering now has about 30 registrants, and another 50 or more are expected during the next three weeks, when most members register.

Butter blends spread out

By JANET NEIMAN

Disappointing results in the still-immature butter/margarine blend category have not inhibited new-product introductions and expansions of existing products into additional markets.

But food-industry observers are waiting to see if the new and expanding entries, coming from such major marketers as Kraft Inc., Land O'Lakes and Unilever, can bring vitality to the estimated \$65 million category.

Glenview, Ill.-based Kraft made its debut in the category with new Sheffield Farms dairy blend, introduced into Huntington, W. Va., Miami and Richmond, Va., test markets last fall. The product, containing 75% fat, is marketed in packages of quarter-pound sticks and in tubs, and in lightly salted and unsalted versions.

Land O'Lakes is introducing a pound tub of salted Country Morning Blend and a package of two half-pound tubs in both salted and unsalted, which will be marketed nationally except on the West Coast.

Shedd's, a former Beatrice Foods unit recently sold to Unilever, has had ButterMatch, a 20% butter blend, in three test markets (including Chicago) since last year, and recently expanded it into other test markets, including Portland, Ore.

Several other marketers also have blends on the market. Beatrice alone has three such products: Golden Farms Blend, marketed in Columbus/Cincinnati, Denver and Louisville/Lexington; Keller's Golden Blend, marketed in Philadelphia and upstate Pennsylvania; and Hotel Bar Blend, marketed in the New York metropolitan area.

Green Bay, Wis.-based Lovett Creamery has half-butter, half-margarine Butter-Up, the leading blend in Wisconsin.

Aside from growing competition

in the margarine and spread categories, additional rivalry is possible in the blend category as well. Nabisco Brands, whose premium Fleischmann's margarine and low-price-brand Blue Bonnet margarine already compete with Kraft's Parkay margarine, is one possible candidate; last fall, in fact, Nabisco entered into three test markets Baker's Blend from Blue Bonnet (AA, Oct. 3), a combination with soybean and cottonseed oil formulated to create a professional-tasting product for home-made baked goods.

The recent entries in the category follow by nearly three years the Land O'Lakes introduction of Country Morning Blend, a two-item line (salted and unsalted) of butter and margarine blend in sticks, now marketed in about 85% of the country (excluding the West Coast). Country Morning Blend, the leader in the category, has 40% sweet cream butter.

The blend category was virtually nonexistent before Arden Hills, Minn.-based Land O'Lakes brought out Country Morning Blend; in the last year alone, ton volume is up 68.5% and dollar volume is up 75.1%.

But marketers admit they expected stronger, faster growth. "The volume everybody projected just hasn't shown up," said an insider at one company that markets a blend. "The segment has not developed to the degree that makes real expansion worthwhile."

Several industry sources agreed that in large part the category was intended to give marketers and retailers the same or higher gross profit margins as butter or higher, and higher volume than butter, with less cost for the marketer. But consumers have rejected butter-size prices for products that are part margarine. "The correct price point has not been found yet," said another marketer.

Sources say Kraft's principal

strategy is to develop a product and price niche between butter and premium margarine. Sheffield Farms' has only a small amount of butter, and its price, at about \$1.19 a pound, is far lower than Country Morning Blend's \$1.60, which is close to the approximate price of \$1.79 for butter.

Despite its price differential, retailers in the Sheffield Farms test markets say that while the line is performing acceptably, it is still not matching the sales of Country Morning Blend.

But Kraft has another reason to be interested in the blend market. One source said market surveys indicate the growth in blends is coming at the expense of margarines, not butter. By positioning itself in the blend category, Kraft might be able to hang on to any losses in its Parkay brand from users trading up to blends.

With the exception of Land O'Lakes, marketer support for the butter/margarine blends has been minimal. That could change as marketers try to repel both Kraft's effort and Land O'Lakes' defense.

Sheffield Farms is said to be backed with a hefty tv and magazine campaign positioning the line as "more than regular margarine because it contains butter," according to the company. The advertising theme, via Needham, Harper & Steers, Chicago, is "Butter up with Sheffield Farms."

A revised campaign from Land O'Lakes will include a new round of tv beginning in late May, print in women's magazines in June, freestanding inserts in June and September and on-pack couponing, expected to begin next month. An executive at the company said the new effort, via Campbell-Mithun, Minneapolis, will be a continuity campaign, retaining the company's focus on a buttery taste, now expressed in the "Butter idea" theme and the "Tastes like butter 'cause it's made with butter" tag.

loch's agency last November (AA, Nov. 14).

It is also the company's first major advertising effort since it gained its independence from its parent of more than 10 years, Black & Decker Manufacturing Co. In April, 1983, the company broke the ties with the Towson, Md.-based power-tool giant when private investors bought the company in a leveraged buyout.

While from 1979 to 1981 McCulloch was a network tv spender, over the past two years the company has limited its efforts to spot buys in selected markets. Sources estimate that McCulloch's annual ad budget will rise to \$3 million this year.

McCulloch, which seesaws for the leading position in the U.S. chain saw market with Homelite, is expanding into related lawn and power equipment to spur growth.

While 1983 shipments of gas-powered chain saws were 1.5 million—the industry's first annual increase since 1979—the category is expected to grow at a relatively anemic 4% to 6% rate this year.

Seeking greater opportunity, explains McCulloch director of advertising Doreen D. McIntire, the company is expanding into faster-growing related-product categories.

According to the Portable Power Equipment Manufacturers Assn., Bethesda, Md., gas-powered monofilament trimmers and brush cutters will grow at a 10% rate in 1984. Estimated shipments of such products in 1983 were 1.6 million—a 25% jump over the previous year.

Coffee market shares

If you look at the market share percentages coffee makers hold, the dominance of a few becomes evident. Source: Lehman Bros. Kuhn Loeb.

	1979	1980	1981	1982	1983
Regular coffee					
General Foods					
Maxwell House*	22.3	22.3	20.2	19.5	19.0
Maxwell House Master Blend	—	—	5.0	6.9	7.5
Sanka	2.1	3.2	3.5	3.7	3.9
Yuban	2.0	2.0	1.6	1.3	1.0
Max-Pax & Brim	3.5	3.5	3.2	2.8	2.7
Mellow Roast	1.6	1.0	0.8	0.6	0.5
Total	31.5	32.0	34.5	34.8	34.6
Procter & Gamble					
Folger's	27.3	25.0	24.0	23.6	24.9
Hills Brothers					
Hills Brothers	6.6	6.3	6.0	6.7	7.4
Chock Full O'Nuts	—	—	4.2	4.2	5.0
Coca-Cola					
Maryland Club	1.2	1.0	1.0	1.0	1.0
Butternut	2.5	2.4	2.4	2.4	2.4
Total	3.7	3.4	3.4	3.4	3.2
Subtotal	69.1	66.7	67.4	72.7	75.1
All others	30.9	33.3	27.9	27.3	24.9
Grand total	100.0	100.0	100.0	100.0	100.0

*Electra-Perk is roughly 6% all years.

Instant coffee

General Foods					
Maxwell House	23.0	21.8	22.2	22.5	22.5
Maxim	3.5	3.4	3.3	2.8	2.6
Sanka	9.6	10.5	10.2	10.2	10.1
Yuban	1.2	1.2	1.0	0.8	0.6
Freeze Dried Sanka	2.5	2.4	2.3	2.2	2.1
Brim	2.6	3.4	3.9	4.1	4.3
Mellow Roast	3.6	1.8	1.5	0.8	0.5
International Coffees	1.0	0.9	1.1	1.3	1.6
Total	47.0	45.5	45.4	44.7	44.3
Procter & Gamble					
Folger's	8.5	11.0	11.0	12.0	12.5
High Point	—	2.5	5.3	5.5	5.1
Total	8.5	13.5	16.3	17.5	17.6
Nestle					
Nescafe Regular	8.2	7.8	7.2	6.5	6.1
Nescafe Decaffeinated	2.8	2.5	2.2	2.1	2.2
Taster's Choice 100% Coffee	12.7	11.7	9.2	9.3	9.5
Decaf	1.0	1.0	0.5	0.4	0.3
Taster's Choice Decaffeinated	4.8	4.3	5.7	5.8	6.1
Sunrise	4.0	2.3	1.8	1.6	1.6
Total	33.5	29.6	26.6	25.7	25.8
Borden					
Kava	1.0	1.0	1.1	1.0	0.9
Subtotal	90.0	89.6	89.4	88.9	88.6
All others	10.0	10.4	10.6	11.1	11.4
Grand total	100.0	100.0	100.0	100.0	100.0

Coffee market still cool

By JOHN L. MAXWELL JR.

Coffee consumption continued to drop in 1983. As in the last few years, the public's preference for cold and sweet drinks opposed to hot drinks is causing this decline.

Coffee drinking by all age groups was down 2.6% in 1983 versus 1982. The largest decline (21.2%) was registered by 15-to-19-year-olds, while 30-to-39-year-olds and 50-to-59-year-olds showed year-to-year consumption increases of 0.8% and 5.8%, respectively.

Retail prices continued their decline in 1983. The price of 16-oz. cans of regular coffee fell 2.4%. However, the average price of instant coffee edged slightly higher. Since October of 1981, the International Coffee Agreement has been in force. The basic reason this agreement seems to be working when so many others have failed is that it is supported by both producing and consuming countries. This has helped to control the volatility of green coffee prices and ultimately the price at the retail level.

The trend toward decaffeinated products continues to grow. Every major soft-drink producer now has

at least one caffeine-free product on the market. Ground decaffeinated coffee is achieving a growth rate of approximately 15% per year, while the total ground segment grew 2% in 1983. Despite this growth, ground decaffeinated products still have less than half the penetration of soluble decaffeinated products.

Another area that has shown excellent growth over the past several years is the flavored segment. A few years ago this area was growing at about 9%, but more recently it has been expanding at close to 20%. General Foods has the major share here.

Looking at the various companies, General Foods nearly maintained its market share in 1983, showing slight declines in both regular and instant coffee.

Procter & Gamble increased its share of the regular market by 1.3%, but was flat in the instant area.

Nestle's over-all share (instant coffee) was up slightly, and its Taster's Choice decaffeinated posted a good increase in share.

Mr. Maxwell is with Lehman Bros. Kuhn Loeb, New York.

McCulloch buzzing on networks

By JENNIFER PENDLETON

LOS ANGELES—McCulloch Corp. here, which is diversifying into lawn and power equipment for the first time, is returning to network tv in May after a four-year absence (AA, April 26).

The Los Angeles-based chain saw marketer's new campaign, backing McCulloch's new string trimmer line, features the company's established "Billy and Barney Beaver" characters, but also introduces a new "Mr. Mac" spokesperson.

Along with the whimsical talk-

ing beavers—the same characters that appeared in McCulloch's chain saw commercials in the mid-1970s—the macho Mr. Mac points out that the company's string trimmers are able to go where lawn mowers can't.

The commercials will run on major sports programming.

The company also will be running ads in magazines such as *Better Homes & Gardens* and *Mechanix Illustrated*.

The campaign is the first from J. Walter Thompson USA, Los Angeles, which succeeded Benton & Bowles, Los Angeles, as McCul-

direct competition with its major rival, E.J. Brach & Sons, Chicago.

Such diversification of its line would not be Jolly Rancher's first venture with items other than hard candies. Years ago, the company also marketed chocolate candies.

Huhtamaki is investing heavily in the Jolly Rancher business, increasing its ad budget "dramatically" from the low levels it had hit under Beatrice, Mr. Harmsen said.

The new campaign, which began with a radio commercial that broke about a month ago in 11 major markets, is targeted to both adults and children, using the theme, "Jolly Rancher's new big flavor."

Jolly Rancher may ride herd on new brands

WHEAT RIDGE, COLO.—The Jolly Rancher-Asher division of Huhtamaki Group's Leaf Inc., which is now embarking on a new ad campaign (AA, April 23), also may expand its line beyond hard candies.

The company, which Beatrice Foods sold to Huhtamaki late last year, is looking at soft, chewy candies and the nutritional candy business, including granola bars, as ways to expand in the candy industry, said Robert Harmsen, president of the division.

Its current line consists of 14 flavors of hard candies, packaged various ways, and several types of candy canes. Adding soft candies would put Jolly Rancher in more

AdWatch

(Continued from Page 2)

read. That shattered the previous adWatch record of 90 first mentions (7.2%) set only last month, also by Clara and Wendy's.

Pepsi was named first by 81 consumers in March, a very impressive figure and twice the number usually needed to rank an ad No. 1.

For the record, the other ads that finished in the top 10 in awareness last month were, in descending order: Coca-Cola; political advertising; Ford; McDonald's; Burger King; Miller Miller Lite; Budweiser; Bud Light; Chevrolet.

The question most frequently asked about the popularity of the Clara Peller and Michael Jackson ads—and most often asked by envious competitors—is whether they sell the celebrities or the product. Do teen agers know Michael Jackson is representing Pepsi? Has "Where's the beef?" translated into "Where's the nearest Wendy's?"

Good indications that these celebrities also have provided strong brand support are found in awareness scores within the product categories.

Pepsi has been trying to dislodge Coke from the No. 1 spot in soft-

drink advertising awareness since November, 1982, the last time Pepsi held the top spot. What it has lacked, apparently, was Michael Jackson. In February's adWatch, Pepsi nudged ahead by a narrow margin (28% of first mentions to 25.5% for Coke).

Last month, 38.8% of adults who were asked to name the first soft-drink ad to come to mind named Pepsi, a 10.8-percentage point increase over February's score. Coke's awareness, meanwhile, suffered a 5.8-point drop to 19.7% of first mentions in March.

That gave Pepsi nearly a 20-percentage point lead over Coke last month, after trailing Coke by five points in January.

The turnabout in the fast-food category is even more dramatic.

For the 12 months of 1983, McDonald's averaged 43.3% of first mentions; Burger King averaged 18.5%, and Wendy's, 5.2%. Their 1-2-3 order of finish in 1983 changed only once, when Hardee's pushed into the No. 3 slot in February.

Two months ago, Wendy's awareness jumped 6.8 points to 14.5%, providing the first real challenge to champion burger battler Burger King, which had slipped 5.2 points to 16.3%.

Now Wendy's has passed Burger King and appears poised to challenge the previously unassailed leader, McDonald's.

Last month, 28.5% of consumers recalled Wendy's advertising first, a 12.2-point increase. McDonald's score fell 8.5 points to 30.8%, while Burger King dropped 3.4 points to 11.1%, its lowest score since it launched the Battle of the Burgers in September, 1982. Worse, it dropped to the No. 3 spot for the first time.

AdWatch is a joint project of ADVERTISING AGE and SRI Research Center, Lincoln, Neb. Ad awareness is measured by asking a nationally projectable sample of adults to name the advertising that first comes to mind in a variety of product and service categories from all they have seen, heard or read in the last 30 days.

Last month, 1,251 consumers

were questioned by phone. Under adWatch methodology, an increase or decrease of 2.8 percentage points between monthly samplings is considered statistically significant and attributable to more than sampling variations.

Among movers in other categories:

- The largest—and perhaps most surprising—drop in awareness last month was Apple's 11.3-point plunge in the **computer** category. While the memorability of its introductory campaign for the Macintosh line may have faded, Apple has maintained a heavy print presence in the past months. Its 20.6% share of first mentions in March was still good enough to retain the No. 1 spot, however.

IBM kept its hold on the second spot with an 11.7% share of first mentions, while Commodore remained No. 3 with 6.6%.

- Another leader that saw its margin of supremacy slip a bit last month was Lipton in the **tea** category. It dipped to 45% of first mention from 50.4% in February.

But nearly all tea advertising experienced some slippage in awareness last month. The big winner was the response "None," which came to mind first for 40% of respondents, compared with 34% in February. March just may be a bad month for the tea market, falling between the hot-tea and iced-tea seasons.

Salada moved into the No. 2 spot with 3.7% of mentions, while Nestea dropped to No. 3 with 3.1%.

- Worth noting are last month's scores in the **beer** category. Coors moved into a tie for the No. 2 spot (with Miller) with 9.6% of first mentions. Category leader Budweiser captured 13.3% of responses.

Coors' gain can be traced to the heavy advertising support it has put behind introduction of its Premium and Light brands in the Southeast. In that region, Coors' advertising had the highest awareness of any brand last month.

For more information, contact Gary Gabelhouse, SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: 402-489-0351.



Marketers such as Real Fresh see Conoffast packaging as a cheaper, lighter alternative to cans.

Real Fresh to use Conoffast packs

By JENNIFER PENDLETON

The first U.S. food marketer to introduce a product in the revolutionary Brik Pak aseptic package (AA, May 15, '81) soon will put itself on the food-marketing map again.

In 45 to 60 days, Visalia, Cal.-based Real Fresh will introduce Real Fresh brand puddings and juices in a new plastic Conoffast aseptic packaging that some say may make metal cans obsolete.

Real Fresh is said to be the first of several food companies introducing products in this new cup-style plastic packaging. Two of the other companies said to be contemplating such a move are Esmark's Hunt-Wesson Foods and R.J. Reynolds Industries' Del Monte Corp.

Real Fresh introduced Brik Pak to the U.S. three years ago. Like products packaged in Brik Pak, food packaged in the new plastic aseptic packaging will stay fresh for long periods without refrigeration.

Initially, the company will introduce the five-flavor Real Fresh pudding line and three-flavor 100%

juice line in the western U.S.

By year's end, company president Jody Graves predicted, Real Fresh will be out with a line of single-strength soups in microwave-ready Conoffast packaging.

With Conoffast, food marketers can consider a whole range of new products previously packaged in heavy, and more expensive, metal cans, Mr. Graves said.

Dart & Kraft's Kraft already markets yogurt in a nonaseptic version of the new Conoffast cups.

Real Fresh is formulating its ad plans. Normart Advertising, Fresno, Cal., is the agency.

Continental Can, Stamford, Conn., makes the Conoffast packaging. It acquired the U.S. rights from Erca, the French developer of the technology. Like Brik Pak, developed by Tetra Pak International, the Swedish parent of Dallas-based Brik Pak Inc., the plastic aseptic packaging has been used widely in Europe for many years.

Frank Mechura, general manager of Continental Can's Conoffast division, said the new plastic packaging is less expensive than cans and its cost to manufacturers is said to be half that of metal.



ADMASTERS

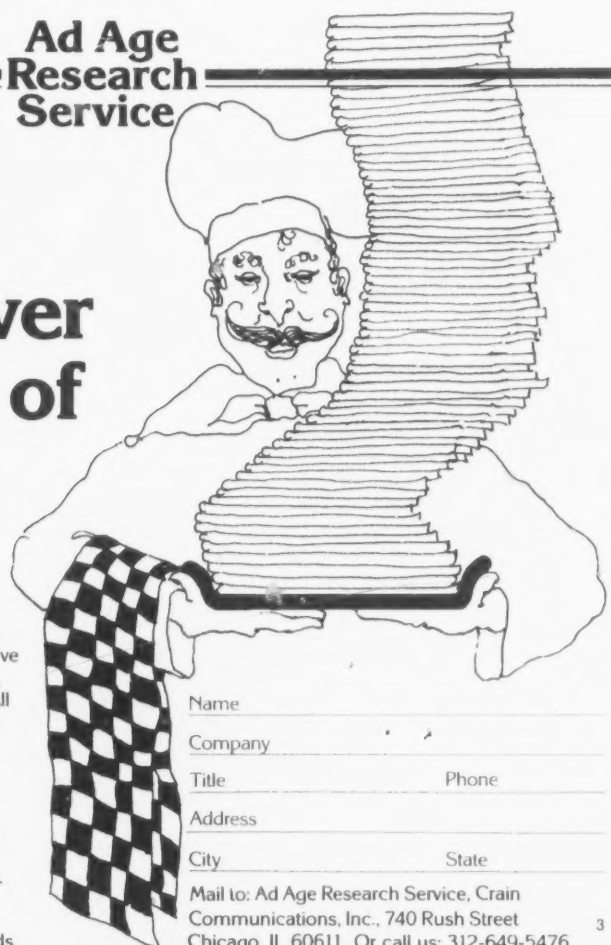
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\$1.25 a copy; \$52 a year

The International Newspaper of Marketing • In Two Sections, Section 1.

May 3, 1984

ABC mulls partner in ESPN deal

By SUSAN SPILLMAN

NEW YORK—ABC Video Enterprises, which this week became sole owner of Entertainment & Sports Programming Network (AA, April 26), is considering taking on a minority partner in ESPN.

Herb Granath, president of ABC Video Enterprises, said, "We've already been bombarded with offers." Partners could include a multiple cable systems operator, an advertising agency or a major sports advertiser.

ESPN becomes the only cable venture ABC Video solely owns. Sources speculated that the \$202 million cash ABC will pay Texaco Oil for ESPN (in addition to about \$30 million ABC paid for a 15% interest in the cable sports network in January) will force ABC Video to find a partner. ABC Video so far has lost about \$80 million and ESPN about \$100 million in five years.

As expected, ABC bought Texaco's 85% interest in ESPN this week. It paid \$188 million in cash for the 85% of ESPN that Texaco controlled, after a reported first offer of \$170 million, and \$14 million for uplink and satellite transponder facilities.

Texaco inherited 70% of ESPN in February when it acquired former owner Getty Oil for \$10.1 billion. Another 15% of ESPN was held by William Rasmussen, the network's founder, and his family, who will share in the proceeds from the sale.

The deal places a value of \$237.5 million on ESPN, up \$37.5 million from the network's value in January. Mr. Granath said the increase was due largely to ESPN's adding 300,000 new subscribers per month.

Mr. Granath said he did not expect any major changes in ESPN's programming or executive officers. The network will remain based in Bristol, Conn. #



Insatiable

New Diet Coke spots will feature a broader range of celebrities as Coca-Cola USA seeks to expand the brand's franchise (AA, April 30). "Weird Al" Yankovic and James Coco are among those in the spots by SSC&B/Lintas USA.

Aussies filling ad niche

U.S. stumbles at China's wall

By DENNIS CHASE

Although President Reagan spent much of his China trip touting the U.S. free enterprise system, the blossoming Chinese advertising industry is reaching out to Australia, rather than the U.S., for training in Western-style ad methods.

China now boasts 168 state-owned ad agencies with \$120 million in billings. In 1979, there were virtually no agencies.

Several months ago, the Chinese government created the China Advertising Assn. to "encourage competition" by "making advertising grow rapidly."

But the most serious move occurred last month, when China invited the Advertising Federation of Australia, which represents ad

agency executives, to China.

The government is considering a proposal by the Australian delegation, which included representatives from BBDO and N W Ayer agencies in Sydney, to train the Chinese in Western-style advertising and arrange a symposium on advertising there (AA, April 16).

Despite numerous visits from and ties to U.S. agencies dating back to 1979, China chose Australia as its window to the West. "We heard over and over again how the Americans overwhelmed the Chinese with their size," said Bruce Cormack, AFA director, after returning from China. "America flubbed it in a way by not going back after initial visits and tracking the Chinese system."

Mr. Cormack said the Chinese (Continued on Page 5)

Liqueur tries charm

By GAY JERVEY

NEW YORK—B&B liqueur is starting its first new ad campaign in more than three years—one designed to bring charm to the brand's staid image.

The estimated \$6 million to \$7 million effort, the first since Benedictine Marketing Services was formed last year, departs dramatically from the previous ad stance, which opted for standard bottle and glass shots and was themed "Living well is the best revenge."

Created by Epstein, Raboy Advertising, the new print ads— which break May 15 in a dozen consumer magazines including *Bon Appetit*, *Cosmopolitan* and *Omnis*—are themed "Share the warmth of B&B, the delicate balance of Benedictine and fine brandy." The com-

pany also will use outdoor boards.

The ads' tag lines play on alliteration, with the first simply saying "Be and beloved." Pictured are a man and a woman in smiling embrace, holding glasses of B&B.

Richard C. Bland, president of Benedictine Marketing Services, said future executions include "Be and bewitch" and "Be and begin."

"B&B has always communicated elegance and prestige," Mr. Bland said. "Now we're trying to make it more approachable. We want to attract new users who may have been previously put off by the brand's image."

In addition to B&B, Benedictine Marketing Services handles Benedictine liqueur and Peppermint Get. Julius Wile & Sons, Lake Success, N.Y., is exclusive sales agent for Benedictine Marketing. #

Here's what FTC is 'up to'

WASHINGTON—The Federal Trade Commission told a small California gas-additive marketer that it can't use the phrase "up to 15%" gas savings unless "an appreciable number of consumers" can "reasonably expect" that result under normal driving conditions.

These additional insights into what FTC expects in the way of

prior substantiation for advertising claims were included in a consent settlement with California-Texas Oil Co., which is a small Southern California company that has sold AWECO Mileage Extender through supermarkets in 11 western states.

The FTC said mileage savings claims must be substantiated by

"competent and reliable tests," and ads must disclose material qualifications or limitations of the tests. The tests must not be described as "scientific" if that is not true, FTC added.

The FTC charged that few, if any, consumers extended their mileage by 15% under normal driving conditions. #

Tapers love soaps

By SUSAN SPILLMAN

NEW YORK—Twenty-three per cent of all videocassette recorder owners tape at least 21 programs off the tube every month, according to A.C. Nielsen Co.'s new 258-page projectable home video study released May 2.

Conducted among 1,179 vcr owners between November and January, the study reports that soap operas, the largest single genre, account for 30% of all recordings off tv, followed by movies

at 17%.

"All My Children," largely because it airs five days per week, accounts for 6% of recordings, the largest number of any regularly scheduled show. However, ABC's "The Day After" was recorded by more households than any other individual show. The made-for-tv movie was taped by 25% of the Nielsen sample.

Network programming accounted for 74% of all taping, followed by independent-station programming and pay tv at 8%. #

Libel rules eased

WASHINGTON—New ground rules on libel suits, established by the Supreme Court this week, give more breathing space to media critics of products and business practices.

In a decision described by experts as the first significant High Court victory for media in a libel suit in more than a decade, the justices told appeals courts they are expected to look behind "actual malice" findings of trial judges and juries.

On the basis of their review, the justices then set aside a lower-court verdict that Consumers Union was motivated by "actual malice" when it criticized Bose Corp.'s new stereo sound system.

The decision is expected to create wider freedom for rating services and others to speak freely about product performance and deficiencies.

Beyond its impact on product criticism, however, the decision is hailed by experts as a signal that appeals courts will be expected to give closer scrutiny to multi-million-dollar libel verdicts.

Media lawyers expect new procedures emerging from the decision will represent a barrier against the tide of libel suits that have been directed at media generally.

In the past, with reviewing courts refusing to second-guess trial judges and juries on whether "actual malice" occurred, media have had only limited opportunity to upset expensive verdicts awarded to popular celebrities and causes. #

Software marketers try tv ads

LOS ANGELES—Two personal computer software marketers are poised to begin advertising on tv, believed to be a first for the growing category.

Ashton-Tate, Culver City, Cal., will kick off a spot tv campaign in late July around the Summer Olympics and the Democratic convention.

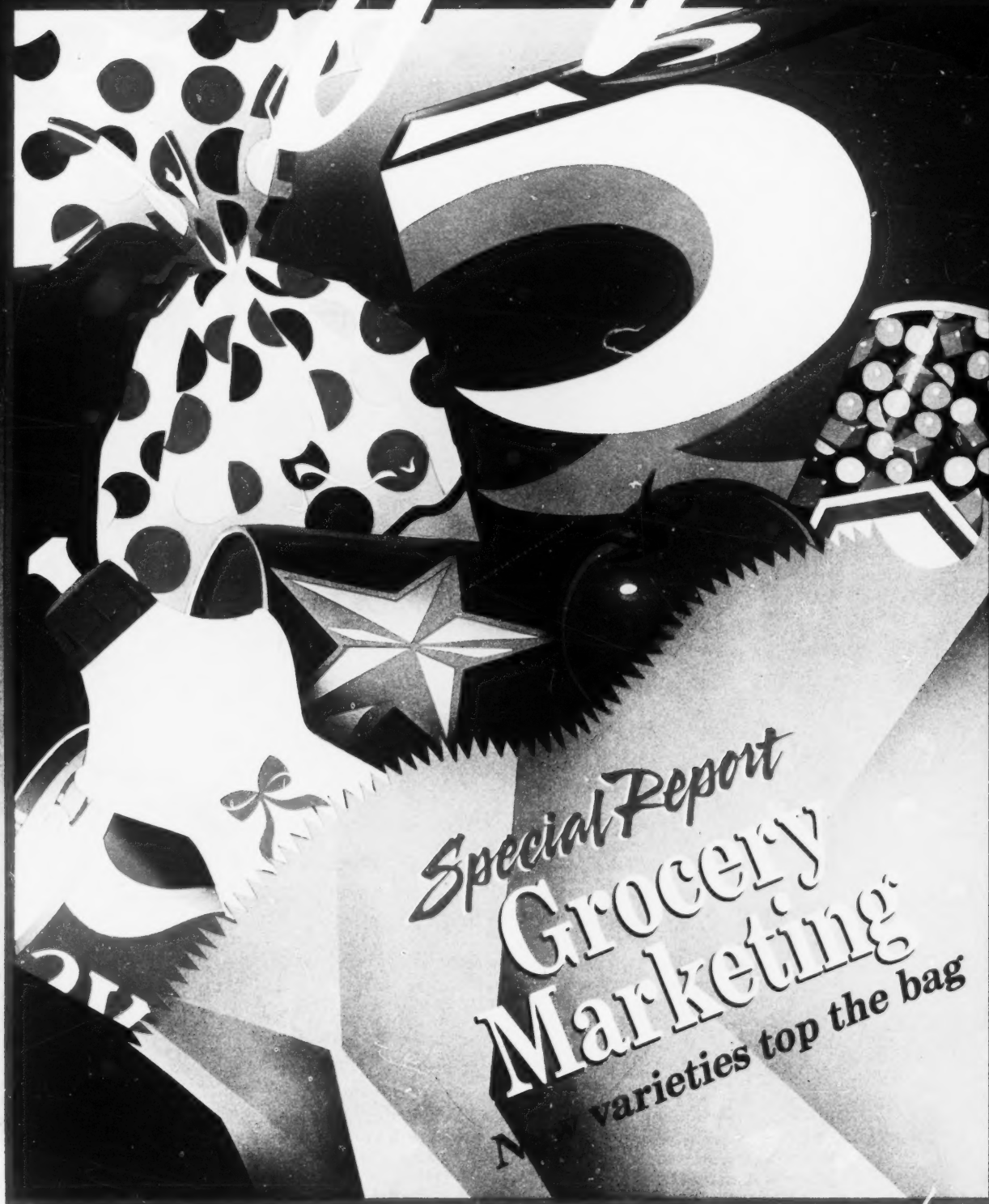
Dancer Fitzgerald Sample/Southern California handles the estimated \$4 million account.

Ashton-Tate, a public company with sales of \$40 million for its last fiscal year, is using tv to build brand awareness for Framework, a (Continued on Page 5)

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Special Report
**Grocery
Marketing**
New varieties top the bag

**What makes Jeffrey Gluck run? The man
behind the reborn St. Louis Globe-Democrat**

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How one small agency functions in 'paradise'

Page M-8

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6 Media's mystery whiz kid

Thirty-one-year-old Jeffrey Gluck has amazed the publishing world with his recent acquisitions of failing publications, including the *St. Louis Globe-Democrat*.

8 Overcoming the barriers to 'paradise'

Larson, Bateman & McAllister advertising agency in Santa Barbara, Cal., isn't satisfied with being just another small agency in sunny California. It wants to be noticed again as it was in the 1970s for its work on the Sambo's restaurant account.

12 Allport reviews a long, full ANA career

Peter W. Allport looks back at his 24-year post as president of the Assn. of National Advertisers, a position from which he will retire in June.

Special Report

Grocery Marketing

15 New product success can be all in the timing

Most successful new products have caught the leading edge of a trend, such as health-consciousness. But along with this must come extensive research and much attention to marketing details.

18 The name's the same

New products are appearing in the marketplace wearing the familiar cloak of tried-and-true names, such as Hershey's chocolate milk and Dole Fruit 'N Juice bars.

30 Personalities pitching products

Putting a person's name on a product, such as Famous Amos and Frank Perdue, implies a dedication to quality and also imparts a certain personality to the product.

39 Convenience foods: Recipe for no-guilt cooking

Some new grocery products are designed to ease the consciences of people who don't want to put a lot of effort into preparing dinner.

52 Gourmet popcorn business popping

Orville Redenbacher launched the growing market with his gourmet popcorn. Since then, the lid has been blown off the gourmet popcorn business with the addition of a variety of flavors.

Grocery marketing report coordinator: Kenneth Wylie
Cover illustration: John Pirman



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DEPARTMENTS

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| 4 Words from Gartner | 10 Parting Shot |

To our readers

Paths sometimes cross in funny ways. Take our art director, Geof Shives, and this week's cover artist, John Pirman, for example. They both were in the same graphics design program at Kent State University in Kent, O., and they graduated in 1979. Then they parted ways. John went east to New York where he worked in several ad agencies and did illustration work. He finally set out on his own as a freelance illustrator.

Geof headed west to Chicago and after several design jobs finally landed at ADVERTISING AGE 2½ years ago as art director of the Magazine section in its beginning stages. His first assignment was to design the Magazine that debuted in its current form in February, 1982.

Somewhere along the line,

Geof and John got in touch with each other again, and the result has been several Magazine covers executed by John. One, on the July 26, 1982, Marketing to Women special report, was included in *Print* magazine's Regional Design Annual.

Other Magazine covers by John have been on last year's



A recent commission

Research Business Review and Premiums and Promotions reports.

John Pirman's work also has appeared in *Fortune*, *Madison Avenue* and *PC World*.

The medium in which John has worked in the past is cut Pantone paper—solid colored, differently shaped and individually cut fragments of paper arranged in a design, but Geof says that John has begun working in a medium new to him, airbrush. This week's Grocery Marketing cover is a combination of cut paper and airbrush.

John is just one of many artists Geof works with, but it's nice when two college chums are reunited on a professional basis.

Marion Elmquist
Editor

Letters

Reaching the gay market

Thank you for your excellent article, "Reaching the gay market" (March 26).

One inaccurate statistic was included in your profile of the *Advocate*. The article refers to a 1982 readership survey showing an average household income of \$25,000. The 1982 survey was not of the *Advocate* readership but rather of the gay market in general. The *Advocate* readership survey, taken in 1983, reveals an average household income of \$45,000.

Michael McMahon
Account Executive
Advocate
New York

Bravo to Lynn Berling-Manuel for reporting on the recognition of the gay market. I take exception to Ms. Berling-Manuel's report that gay women "... have more of the accoutrements of a 'traditional' household..." which means they would be the targets of more conventional advertising as well.

To the contrary, no one word, least of all, traditional, can describe the diverse nature of lesbian lifestyles. The lesbian market may just be the least likely to be captured by conventional advertising. Can it logically be assumed that lesbians relate to the conventionally portrayed woman in advertising who is endlessly patronized in her quest for male attention and approval? What can and does get the attention of the growing numbers of upwardly-mobile, higher-income lesbians is quite simple: Images of women as confident, proud, happy, successful and self-made are attracting the respect and brand-loyalty of a fertile source of lesbian consumer dollars.

Name withheld
(lesbian member of
the advertising community)
San Francisco

It was with a mixture of pleasure and disappointment that I read the feature on "Reaching the gay market." I was pleased to see such substantial and honest coverage of the interest that major advertisers are showing in this affluent market, but I was disappointed that your writer failed to accurately portray the methods a company should consider using to reach this market.

Indeed, the article covered almost exclusively the *Advocate* and its marketing arm, Avanti.

While the *Advocate* is certainly a very significant advertising vehicle to use in reaching the gay consumer, it is not the only way. Your writer obviously did not spend much time researching this subject before beginning her interviews or she would certainly have called my company, Rivendell Marketing Co., for its input.

Rivendell has been in business for more than five years offering marketing consultation, publicity, and promotion and promotion services to major companies wishing to reach the gay market. In addition, Rivendell serves as an advertising representative for about 125 gay magazines and newspapers from all across the country—more than 100 of which are locally or regionally based.

I have been interviewed and quoted extensively on the subject of gay marketing and even in your own publication (Oct. 6, 1980, issue). In fact, Rivendell ran a full page ad in your last annual directory issue (Sept. 8, 1983)—an ad that produced controversy for many following weeks in your letters to the editor column.

Joseph Di Sabato
President
Rivendell Marketing Co.
New York

We wish Ted Ross lots of luck in his plans to market Wilde's beer in the gay market. Our own 10-year experience in gay marketing leads us to believe that his will be a successful venture.

However, we must burst his bubble of enthusiasm on one count. His tv advertising for Wilde's beer are not the "first ever openly gay television commercials in America." That distinction is reserved for tv spots aired in 1975 to promote Lambda Rising, a leading gay and lesbian bookstore. In fact, as far as we can determine, the Lambda Rising spots were the first gay-oriented commercials to be aired on tv anywhere in the world.

It may hearten Mr. Ross to know that even though these were very low-budget spots, they worked wonderfully. I hope Mr. Ross has similar good results with his Wilde's beer spots.

L. Page Maccubbin
President,
Lambda Rising
Washington

Magazine

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Advertising Age Magazine is published weekly as part of ADVERTISING AGE by Crain Communications Inc. at 740 Rush St., Chicago 60611. For advertising information, refer to the masthead carried on Page 6 of ADVERTISING AGE. For subscription information, see Page 3.

Gourmet popcorn business popping

By Hortense Leon

The same marketing mentality that gave us spaghetti made out of soap, oranges that are really candles, and a chocolate pizza is giving us popcorn that tastes like jalapeno peppers, tacos, watermelon and excellent popcorn.

It all started with Orville Red-

"We think that people respond to quality, and most of the product on the shelves so far has been poor."

—Vern Ryles

denbacher. His gourmet popping corn entered the market under his own name in 1972 and under the aegis of Hunt-Wesson Foods in 1976. Mr. Redenbacher's claim to fame is that his corn is lighter, fluffier, more tender and bigger than ordinary popcorn. He also boasts that his popcorn has few hard, unpopped kernels.

With Mr. Redenbacher's pure popcorn deliciousness well established, it was only a matter of time before the all-American snack was altered again. About five years ago, flavored gourmet popcorn came on the scene in a big way. Although at first the only place where you could get more than a few of these new flavors was the popcorn shop, a few started showing up on grocery shelves too.

In 1979, Poppers Popcorn, a popcorn company based in Portland, Ore., brought out a new line of spicy popcorn sealed in foil bags. According to Vern Ryles, president, the sour cream and onion and cheese and spice flavors were introduced in the late 1970s and early 1980s.

"Our decision to switch our emphasis from concession supplies to retail packaging at the time was due to the fact that we felt that we could make our strongest contribution in this area. Given the fact that people have always liked popcorn, and its popularity has increased over the last several years, we believe that popped popcorn should account for more than 2.2% of the almost \$6 billion bagged snack food market (chips, pretzels, puffs, popcorn—wholesale). We think that people respond to quality, and most of the product on the shelves so far has been poor," Mr. Ryles says.

Apparently Poppers is doing something right. Mr. Ryles says the company's growth rate for 1983 was 40%. Recently, Poppers has been introduced into the Midwest. Dallas is opening up now; New England is sched-

uled for the fall, and in late 1984 or early 1985, Atlanta will be introduced to Poppers.

Ovaltine Products, Villa Park, Ill., which in January combined with three other companies to form Sandoz Nutrition, is thinking of expanding its product line. No newcomer to the popped popcorn business, Ovaltine has three products in this category already—Fiddle Faddle, Screaming Yellow Zonkers and Poppycock, a gourmet item.

"We are considering some new flavors, but more conventional ones than, let's say watermelon. They are being market tested now," says Norman Olson, marketing director-consumer products division. He says the company avoids most off-the-wall flavors because "items you sell to wholesalers and to the chains have to have good sales velocity to justify the space in the warehouse as well as on the grocery shelf. Unusual flavors might sell in a gourmet shop, where people are specifically looking for them, but in a grocery store, they may sit on the shelf."

Grocery chains may not be carrying raspberry, butterscotch and pina colada popcorn, but the popcorn section is beginning to bulge. Borden Inc., maker of Cracker Jack caramelized popcorn with peanuts, brought out Cracker Jack popcorn, an unpopped gourmet product, in the

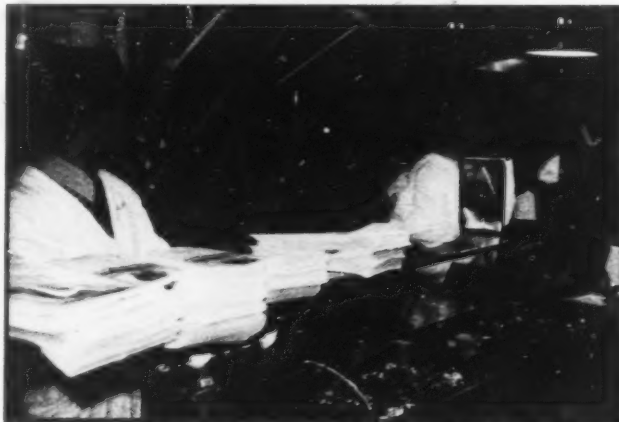
second half of 1982. But not all popcorn companies are changing their marketing plans. American Pop Corn Co., Sioux City, Ia., maker of Jolly Time popcorn, isn't doing anything different in its marketing approach since the advent of flavored popcorn, says Jim Fowler, vp-marketing. Yet

Jolly Time is reaping the benefits because it supplies the flavored shops, which are springing up everywhere.

Popcorn shops aren't new. According to Nick Caras, vp-marketing of Karmel Korn Shops, headquartered in Rock Island, Ill., that chain has about 250 shops in 44 states and has been in business since the 1920s, establishing franchises in 1969. Karmel Korn Shops has had gourmet flavors in its operations manuals since 1929, he says, but it has been up to the individual operator to use them. "The franchisees have 50 to 60 flavors at their disposal, should they want to use them," Mr. Caras says. Yet it has only been the last three or four years that chocolate, taco, Amaretto and cherry licorice have been offered to customers.

It was the new kids on the block that made an impact on the flavored popcorn-shop market first.

Jerry Hammer, a movie producer and creative designer, and his partner, Jack Klugman of



Jack's Corn Cribs, which has Jack Klugman behind the operation and the counter, offers a variety of gourmet-flavored popcorn in shops in 21 states.

SUPERCLOCK Ultimizes
Your Total Media Investment
...And Delivers Results!



Hortense Leon is a free lance writer who discovered a new use for strawberry-flavored popcorn.